

- BC's jobless rate plunges to 6.8% as employment expands 1.2% in December
- High-tech sector shrinks 2.0% in 2002
- Housing starts reach levels not seen since the mid-1990s

Labour Force

- British Columbia's unemployment rate plunged 0.8 percentage points, falling to 6.8% (seasonally adjusted) in December, its lowest level in more than two-and-a-half years. The drop in the jobless rate was largely due to strong job growth (23,600 people, +1.2%), which was more than enough to absorb the entry of an additional 5,700 (+0.3%) people into the labour force. For the first time since the spring of 2001, the province's unemployment rate was below the national average (7.4%). It remains considerably higher than in the Prairie Provinces but, for the first time since 1997, was only marginally higher than in Ontario (6.7%).

Canada's jobless rate slipped to 7.4% in December. Nationally, the number of jobs (+0.3%) increased slightly more than the size of the labour force (+0.2%). The unemployment rate declined in every province except Newfoundland (+0.6 points), Quebec (+0.3 points) and Saskatchewan, where it was unchanged from November.

Data Source: Statistics Canada

- Goods-producing industries in BC posted strong gains in December, with the number of jobs advancing 0.6%, largely due to a booming construction sector (+5.5%), which has been stimulated by low interest rates and robust demand for new housing. Job growth in manufacturing (+0.8%) and agriculture (+0.6%) was more restrained. In the service sector, the number of jobs advanced 1.3% in December, with most business and personal service industries showing solid growth. Tourism-related industries such as accommodation and food services (+2.9%), and information, culture and recreation (+4.4%) took on more workers. However, the number of jobs in retail and wholesale trade edged down 0.1%, and em-

ployment in finance, insurance and real estate (-0.1%) was also stagnant.

There were more jobs in both the public (+0.7%) and private (+1.8%) sectors, but fewer people were self-employed (-0.3%). Highlighting the robustness of the job market is the fact that the job growth was due to an increase in the number of people with full-time work (+1.7%). Part-time employment dropped 0.7%, largely because there were substantially fewer men (-5.2%) working less than 30 hours a week. The unemployment rate for 15-24-year-olds fell to 12.8%; among those aged 25 and over, the jobless rate was 5.7%. *Data Source: Statistics Canada*

- North Coast/Nechako was the only region with a double-digit unemployment rate (12.5%, three-month-moving average) in December. It was also the only region where there were fewer people with jobs this December than in the same month of 2002 (-1.6%). In the rest of the province, jobless rates ranged from 4.3% in Northeast to 9.2% in Kootenay. Mainland/Southwest (6.2%) had the second-lowest unemployment rate among the regions.

Data Source: Statistics Canada

High Technology

- British Columbia's high tech sector shrank 2.0% in 2002, with real GDP falling to \$3.4 billion, just under 3% of the provincial total. High-tech manufacturers continued to struggle (-15.6%), but service industries expanded 4.8%.

The downturn in BC's high-tech sector followed a national trend (-1.6%) that saw GDP in the sector decrease in three of the four provinces for which data is available. Alberta (+1.8%) was the only province to escape the ongoing downturn, largely due to solid gains on the service side (+2.6%).

Ontario (47%) and Quebec (32%) dominate

Did you know...

More than half (54%) of all BC households had a cellular telephone, and 42% had a DVD player, in 2002. Nearly two-thirds (63%) of households had a(n automatic) dishwasher.

Canada's high tech sector. BC (7%) and Alberta (8%) account for substantially smaller shares of total GDP in this sector.

The number of people working in BC's high-tech sector fell 1.9% in 2002, to 44,690. High-tech employment was also down 1.9% nationally, dropping to 473,800 people.*Data Source: BC Stats*

The Economy

- **The number of housing starts in the province advanced 1.5% (seasonally adjusted) in December, as new building activity resumed following a slump (-17.0%) in the previous month.** Canadian starts also increased modestly (+1.2%). Starts were up in BC, Ontario (+4.4%), and most of Atlantic Canada (where increases ranged from 13.9% to 27.3%). Newfoundland (-12.5%) was the only eastern province where the number of housing starts slipped in December.

Data Source: CMHC

- **BC housing starts reached their highest level since 1997 last year, increasing 20.7% as a building boom in the province showed no signs of abating.** For the third straight year, the number of starts in the province advanced by at least a fifth and as a result, housing starts in the province are now back at levels last seen in the mid-1990s. Multi-family construction accounts for more than half of all BC housing starts.

Starts in urban areas of the province climbed 21.8% last year. Victoria (+49.4%) and Kelowna (+34.3%) showed the strongest growth, followed by Vancouver (+18.4%). Prince George (+3.0%) and Abbotsford (+1.7%) saw starts increase only modestly, but they were sharply higher (+25.0%) in other urban areas of the province.

CMHC forecasts that housing starts in BC will increase 4% to 27,000 units in 2004. Multiple starts are expected to climb 5% to 14,400 units while the number of single detached dwelling starts is expected to reach 12,600 units (+2.5%).

Starts increased in every province except Alberta (-5.7%) last year. Nationally, they were up 6.8% from 2002 levels. BC, Nova Scotia (+24.7%) and PEI (+44.4%) all saw the number

of starts increase by at least twenty percent in 2003.

Data Source: CMHC

Culture

- **Federal, provincial and local governments in the province spent \$780 million (an average of \$189 per capita) in support of cultural activities in 2001/02.** Although per capita spending in BC was below the national average (\$230 per person), this was largely due to federal government spending, which averaged \$103 per capita nationally but only \$39 in BC, less than in any other province. PEI (\$160) and Quebec (\$149) were the provinces where the federal government spent the most on a per capita basis. Broadcasting consumed three-fifths of the federal cultural operating budget. Heritage activities, including operating museums, archives, national parks and historic sites, accounted for more than a quarter of federal spending on culture.

Provincial government support for culture-related activities was slightly higher (\$74 per capita in BC, compared to \$69 for all of Canada), and municipal expenditures, which include support for libraries, were substantially higher (\$76 per capita, compared to \$58) than the national average.

Data Source: SC, Catalogue 87F0001.XIE

The Nation

- **Manufacturers' prices continued to weaken in November, averaging 4.0% less than in the same month of 2002.** A strong Canadian dollar was the reason for the drop in prices, as many goods produced in Canada are destined for use in the US and overseas. Excluding the effect of the dollar, industrial prices would have been 1.0% higher than they were in November 2002.

Although wood prices in general were higher than in November 2002 (+4.0%), BC softwood lumber prices remained depressed (-5.0%), falling for the eighteenth time in the last nineteen months. Paper prices were down 6.1% overall. Natural gas prices rose 3.4%, but producers of coal (-1.2%) and crude mineral oil (-1.0%) received less for their products.

Data Source: Statistics Canada

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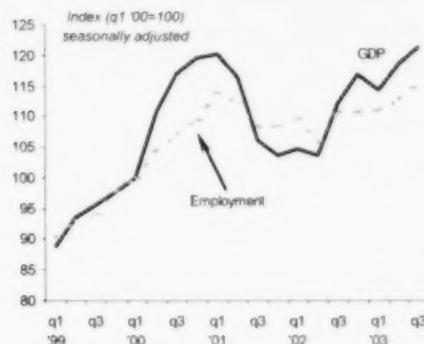
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High Technology Update—Third Quarter 2003

This article is from the premier edition of our new periodical, *High Tech Quarterly*, available only on-line – in our WebStore or as part of our Subscription Site.

www.bcstats.gov.bc.ca

High tech industries bounced back from a first quarter dip, posting two consecutive quarterly gains



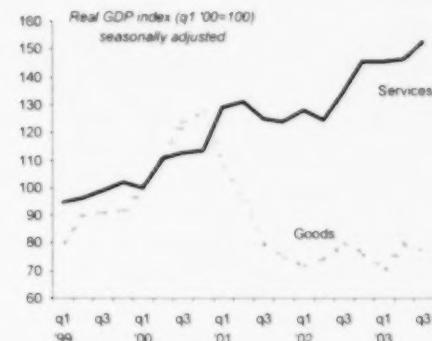
GDP in the high tech sector emerged from the doldrums

With solid performances in the second (+3.6%) and third (+2.3%) quarters,¹ British Columbia's high technology sector recovered from its weak showing in 2001 and 2002. In fact, the third quarter GDP of \$952 million is the highest ever reported. The turnaround was mainly due to strength in the high tech service industries, while the goods industries were still struggling at historically low levels.

High tech service industries, which have been boosting the high tech sector's performance since the end of 2002, continued to expand in the second (+0.7%) and third (+4.1%) quarters.

Both information & cultural services and professional, scientific & technology services posted substantial gains. At the same time, the output of high tech manufacturers experienced some volatility. High tech manufacturing GDP posted a strong gain (+12.0%) in the second quarter, the highest growth since the first quarter of 1999. However, the growth didn't last long, as it was followed by a weak third quarter (-2.4%). The growth rates recorded within the manufacturing sector varied significantly. In the third quarter, manufacturers of computer & electronic products maintained robust growth, while manufacturers of aerospace products saw significant decline.

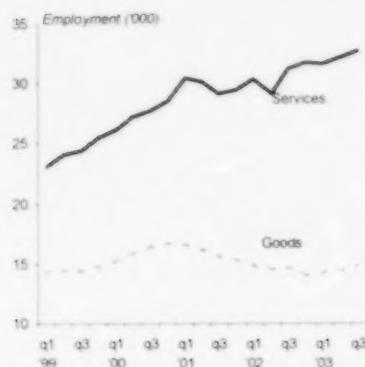
The spread between high tech service and goods industries continued expanding



High tech revenues showed a similar trend with total revenues reaching an historical high level after two consecutive quarterly gains (+3.1%, +0.6%). Unsurprisingly, the driving force was the service sector, which posted a substantial gain in the third quarter (+2.1%), after modest growth in the second quarter (+0.9%).

¹ All figures quoted are seasonally adjusted unless otherwise specified. GDP data are reported in constant (1997) dollars; all other dollar figures are in current dollars.

Employment in both goods and service industries expanded in the last two quarters



The high tech sector employed 47,700 people in the third quarter, 2003

High tech employment has been growing steadily since the beginning of 2003. Following the expansion in the first quarter, the number of high tech workers increased 1.8% in the second quarter and 2.3% in the third quarter.

Like the situation with GDP, employment in high tech service industries in the third quarter (32,700) was the highest level ever reported. Compared with the trend in service, employment in high tech goods industries (14,900) was significantly lower than the historical peak in 2000 (16,700). It is not known whether the total job gains were due to more full-time or part-time workers.

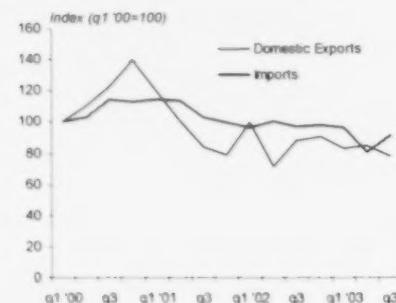
Overall, wages and salaries in the high tech sector were up 1.0% in the second quarter and 3.5% in the third quarter. The increase was mainly due to the fact that more people were working in the high tech sector. Wages increased 5.2% in manufacturing and 2.9% in the service sector in the third quarter.

Exports and imports moving in opposite directions in second and third quarters

The pattern displayed in high tech manufacturing was duplicated in the value of trade in high tech

commodities.² After experiencing a significant decline (-7.1%) in the first quarter, exports rebounded with a robust 12.0% rise in the second quarter, before being scaled back (-2.4%) in the third quarter. A substantial jump in trade of aerospace products to the United States was the main driver of the second quarter increase.

Imports of high tech goods fell dramatically (-16.2%) in the second quarter before recovering significantly (+13.2%) in the third quarter. Once again, aerospace products were instrumental in the quarterly fluctuations.



High tech exports to most major destinations declined in the third quarter

After plunging 24.7% in the first quarter (unadjusted), high tech exports to the United States climbed 10.8% in the second quarter before slipping back 1.2% in the third quarter. With about 80% of BC's high tech exports destined for the US, the province is even more dependent on trade in high tech products with the Americans than for exports overall. After strong growth in the second quarter, international shipments of high tech goods fell dramatically in the third quarter to both the European Union (-20.3%) and the Pacific Rim (-74.2%).

² Quarterly data on high tech service exports and imports is not available.

New Definition for High Technology Commodities

Starting with the first quarterly release of high technology data for British Columbia, the definition of commodities considered high tech has been revised. In the past, BC Stats' definition of high technology commodities used a list of six-digit harmonized system commodity codes matching that of the U.S. Bureau of the Census' advanced technology products (ATP) list. The reason for using codes at the six-digit level was due to the fact that Canadian and American classifications are identical at this level, but at more disaggregated 8- and 10-digit levels the codes differ. It was thought that trying to define high technology at a more disaggregated level would be too onerous a task.

More recently, BC Stats did some analysis of the data and determined that the six-digit level definition was simply too inclusive and inflated the true value of high technology trade substantially. Accordingly, a painstaking effort was made to match the American codes to Canadian codes at the 8-digit level for exports and 10-digit level for imports. In many cases the codes matched exactly and no further effort needed to be expended. However, in other cases there was not an exact match, particularly for exports, which are coded to only 8 digits. For these commodity groups, further analysis was undertaken using available data from the U.S. Bu-

reau of the Census and Statistics Canada to determine whether or not the majority of these codes were high technology (as defined by the ATP list). If it was judged that this was not the case, the commodity was excluded from the high tech definition. While this may result in some high technology products being excluded from the definition, it should be balanced to some extent by those commodity classifications that, although they are mainly high technology, still include some "low tech" goods. Since the ATP list itself is defined using classification codes, this kind of trade-off is already present in the definition. No exact measure of high technology trade is possible to achieve since high technology is subjective to begin with, but this new definition should be much more in line with what most people would agree is high technology.

It should be stressed that these figures should not be compared to those previously published by BC Stats since the new definition is far more exclusive and the numbers are significantly lower than those calculated based on the old definition. Historical data back to 1990 that is consistent with the new definition will be published in the 2003 annual edition of the *Profile of the British Columbia High Technology Sector*.



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BC at a glance . . .

POPULATION (thousands)		% change on one year ago
BC	4,158.6	0.8
Canada	31,714.6	0.8
GDP and INCOME		% change on one year ago
(BC - at market prices)	2002	
Gross Domestic Product (GDP) (\$ millions)	135,552	2.7
GDP (\$ 1997 millions)	128,151	2.4
GDP (\$ 1997 per Capita)	31,143	1.5
Personal Disposable Income (\$ 1997 per Capita)	19,576	0.1
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Oct	2,770	-3.7
Merchandise Exports - Oct	2,367	-4.4
Retail Sales - Oct	3,413	0.6
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Nov '03	% change
BC	120.8	2.3
Canada	122.7	2.9
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)	Dec '03	
Labour Force - BC	2,223	0.3
Employed - BC	2,072	1.2
Unemployed - BC	151	-10.6
	Nov '03	
Unemployment Rate - BC (percent)	6.8	7.6
Unemployment Rate - Canada (percent)	7.4	7.5
INTEREST RATES (percent)		Jan 7/04 Jan 8/03
Prime Business Rate	4.50	4.50
Conventional Mortgages - 1 year	4.75	4.90
- 5 year	6.35	6.70
US/CANADA EXCHANGE RATE		Jan 7/04 Jan 8/03
(avg. noon spot rate) Cdn \$	1.2882	1.5613
US \$ (reciprocal of the closing rate)	0.7751	0.6404
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)	Dec '03	
BC	679.72	0.5
Canada	668.75	2.7
SOURCES:		
Population, Gross Domestic Product, Trade,	Statistics Canada	
Prices, Labour Force, Wage Rate		
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see www.bankofcanada.ca		

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Next week

- Labour Force Statistics, December 2003
- Major Projects Inventory, December 2003
- Exports, November 2003